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State of Utah

Department of Natural Resources

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas & Mining

JOHN R. BAZA
Division Director

JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

Inspection Report

Representatives Present During the Inspection:	
OGM	Steven Fluke Environmental Scientist II
Company	Mike Davis

Permit Number:	C0410002
Inspection Type:	EXPLORATION
Inspection Date:	Wednesday, August 02, 2006
Start Date/Time:	8/2/2006 10:30:00 AM
End Date/Time:	8/2/2006 1:00:00 PM
Last Inspection:	Friday, July 21, 2006

Inspector: Steven Fluke, Environmental Scientist II

Weather: partly cloudy, chance of thunderstorm, cool ~65 F

InspectionID Report Number: 1034

Accepted by: whedberg
9/11/2006

Permitee: **CANYON FUEL COMPANY LLC**
Operator: **CANYON FUEL COMPANY LLC**
Site: **SUFCO MINE**
Address: **397 S 800 W, SALINA UT 84654**
County: **SEVIER**
Permit Type: **PERMANENT COAL PROGRAM**
Permit Status: **ACTIVE**

Current Acreages

26,766.95	**Total Permitted**
27.36	**Total Disturbed**
	Phase I
	Phase II
	Phase III

Mineral Ownership

- [x] **Federal**
- [x] **State**
- [ ] **County**
- [ ] **Fee**
- [ ] **Other**

Types of Operations

- [x] **Underground**
- [ ] **Surface**
- [ ] **Loadout**
- [ ] **Processing**
- [ ] **Reprocessing**

Report summary and status for pending enforcement actions, permit conditions, Division Orders, and amendments:

I visited the SITLA Muddy Tract exploration site on Big Ridge conducted by Ark Land Company. I met with Mike Davis to inspect the staging area, access roads, and drill pads to see that the approved plan was being followed. Drillers from Layne Christensen Company were on site and had begun drilling at site B-05. Nielsen Construction was also on site and had graded the access roads, prepared the drill pads A-05 and B-05, and set up the water supply lines to the drill pads. Overall, the drilling and site preperation was being conducted per the approved plan. Photos are located in the Division database.

Inspector's Signature: Steven Fluke **Date** Monday, August 07, 2006

Steven Fluke, Environmental Scientist II
Inspector ID Number: 53

Note: This inspection report does not constitute an affidavit of compliance with the regulatory program of the Division of Oil, Gas and Mining.

Permit Number: C0410002
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Inspection Continuation Sheet

REVIEW OF PERMIT, PERFORMANCE STANDARDS PERMIT CONDITION REQUIREMENTS

1. *Substantiate the elements on this inspection by checking the appropriate performance standard.*
   a. *For COMPLETE inspections provide narrative justification for any elements not fully inspected unless element is not appropriate to the site, in which case check Not Applicable.*
   b. *For PARTIAL inspections check only the elements evaluated.*
2. *Document any noncompliance situation by reference the NOV issued at the appropriate performance standard listed below.*
3. *Reference any narratives written in conjunction with this inspection at the appropriate performace standard listed below.*
4. *Provide a brief status report for all pending enforcement actions, permit conditions, Divison Orders, and amendments.*

	Evaluated	Not Applicable	Comment	Enforcement
1. Permits, Change, Transfer, Renewal, Sale	☑	☐	☑	☐
2. Signs and Markers	☑	☐	☑	☐
3. Topsoil	☑	☐	☑	☐
4.a Hydrologic Balance: Diversions	☐	☑	☐	☐
4.b Hydrologic Balance: Sediment Ponds and Impoundments	☑	☐	☑	☐
4.c Hydrologic Balance: Other Sediment Control Measures	☑	☐	☑	☐
4.d Hydrologic Balance: Water Monitoring	☐	☑	☐	☐
4.e Hydrologic Balance: Effluent Limitations	☐	☑	☐	☐
5. Explosives	☐	☑	☐	☐
6. Disposal of Excess Spoil, Fills, Benches	☐	☑	☐	☐
7. Coal Mine Waste, Refuse Piles, Impoundments	☐	☑	☐	☐
8. Noncoal Waste	☐	☑	☐	☐
9. Protection of Fish, Wildlife and Related Environmental Issues	☐	☑	☐	☐
10. Slides and Other Damage	☐	☑	☐	☐
11. Contemporaneous Reclamation	☐	☑	☐	☐
12. Backfilling And Grading	☑	☐	☑	☐
13. Revegetation	☐	☑	☐	☐
14. Subsidence Control	☐	☑	☐	☐
15. Cessation of Operations	☐	☑	☐	☐
16.a Roads: Construction, Maintenance, Surfacing	☐	☑	☐	☐
16.b Roads: Drainage Controls	☐	☑	☐	☐
17. Other Transportation Facilities	☐	☑	☐	☐
18. Support Facilities, Utility Installations	☐	☑	☐	☐
19. AVS Check	☐	☑	☐	☐
20. Air Quality Permit	☐	☑	☐	☐
21. Bonding and Insurance	☐	☑	☐	☐
22. Other	☐	☐	☐	☐

1. Permits, Change, Transfer, Renewal, Sale

The on-site geologist, Chris Kravitz, had a copy of the approved exploration plan and was familiar with it.

2. Signs and Markers

A sign was posted at the beginning of the widened and graded access road stating "for ATV use only". Signs were also posted at the beginning of each ancillary road to the drill pads stating that the roads were for construction use.

3. Topsoil

Topsoil was stockpiled at the drill pad sites with silt fence installed on the downslope sides.

4.b Hydrologic Balance: Sediment Ponds and Impoundments

The mud pits were constructed as planned with wire fence to keep wildlife out. Drillers are using a thin bentonite mud. Secondary containment was placed around the 1,000-gallon diesel tank at the staging area consisting of plastic fabric and frame. A liner and absorbant pads were placed beneath the drill rig to control potential diesel or hydraulic leaks.

4.c Hydrologic Balance: Other Sediment Control Measures

Berms composed of subsoil were placed on the downslope sides of the drill pads. The upslope sides were dug into the hillside and did not need berms. Silt fence was also placed outside of the berms. Some of the silt fence at pad B-05 needs maintenance because some of the wood stakes are broken causing the fence to sag. Also, overflow from the water tank at pad A-05 had caused some sediment to breach the silt fence. Chris Kravitz was aware of the problem and the crew is more attentive to overflow. I asked Chris to have an additional silt fence placed at the location as a precaution in case it happens again.

12. Backfilling And Grading

Access roads and drill pads have been graded. Some trees were removed for the drill pad areas and the ancillary road to pad A-05. All roads and pads will be reclaimed when drilling is complete.